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Message Text

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70
ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 TRSE-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 USIA-06 PRS-01 SP-02 OMB-01 FEA-01 SIL-01

SAM-01 XMB-02 OPIC-03 /100 W
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FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC 9593
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E.O. 11652: N/A
TAGS: ETRD, GATT, EEC
SUBJECT: COMMISSION'S REACTION TO THE PETITION FOR COUNTERVAILING
DUTIES ON US IMPORTS OF STEEL

REF STATE 223116

1. THE EUROPEAN COMMISSION SPOKESMAN ISSUED ON SEPTEMBER 22
A STATEMENT TO THE PRESS REGARDING THE CURRENT PETITION FROM THE US
STEEL
CORPORATION FOR COUNTERVAILING DUTIES ON IMPORTS OF STEEL
FROM THE COMMUNITY (REFTEL). THE TEXT OF THE STATEMENT IS
GIVEN BELOW.

2. BEGIN TEXT:

THE COMMISSION HAVE TAKEN NOTE OF THE PETITIONS FILED
WITH THE UNITED STATES TREASURY ON 18 SEPTEMBER, CALLING
FOR COUNTERVAILING DUTIES TO BE IMPOSED ON COMMUNITY STEEL
EXPORTS TO THE UNITED STATES.
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THE UNITED STATES ADMINISTRATION HAVE INFORMED THE COMMISSION THAT AN INVESTIGATION IS TO BE INITIATED AND THAT A PRELIMINARY DETERMINATION MUST BE REACHED WITHIN SIX MONTHS ON THE QUESTION OF WHETHER COMMUNITY STEEL PRODUCTS RECEIVE A BOUNTY OR GRANT WHICH WOULD REQUIRE THE IMPOSITION OF COUNTERVAILING DUTIES.

THE COMMISSION NOTE THAT THIS CASE IS NOT AN ISOLVATED ONE. COUNTERVAILING DUTIES AGAINST COMMUNITY CHEESE EXPORTS WERE THREATENED EARLIER THIS YEAR; A COUNTERVAILING INVESTIGATION IS CURRENTLY TAKING PLACE INTO COMMUNITY EXPORTS OF CANNED HAM; AND COMMUNITY EXPORTS OF MOTORCARS TO THE UNITED STATES ARE THE SUBJECT OF A SEPARATE INVESTIGATION INTO ALLEGATIONS OF DUMPING AND INJURY. INVESTIGATIONS INTO OTHER PRODUCTS ARE ALSO IMMINENT. OVER ONE-FIFTH OF THE COMMUNITY'S TRADITIONAL EXPORTS TO THE UNITED STATES ARE NOW LIABLE TO BE AFFECTED IN ONE WAY OR ANOTHER.

THE COMMISSION ARE CONCERNED AT THE GENERAL DRIFT OF THESE DEVELOPMENTS. AS REGARDS THE STEEL CASE, WHERE THE PETITIONERS ARE COMPLAINING AGAINST THE REMISSION OF VALUE ADDED TAX ON EXPORTS, THE COMMISSION RECALL THAT SUCH REMISSION OF INDIRECT TAXES IS EXPRESSLY PERMITTED BY THE GATT. IN THIS CASE, AS IN THE OTHERS, THE COMMISSION LOOK TO THE UNITED STATES ADMINISTRATION TO RESPECT ITS INTER-NATIONAL OBLIGATIONS AND TO EXERCISE ITS GENERAL RESPONSIBILITY, WITH OTHER MEMBERS OF THE INTER-NATIONAL COMMUNITY, TO CONTROL THE FORCES OF PROTECTIONISM. END TEXT.

3. ON THE MARGIN OF THE PRESS BRIEFING THE COMMUNITY SPOKESMAN, OLIVI, STATED THAT IN 1974 THE COMMUNITY'S STEEL EXPORTS TO THE UNITED STATES AMOUNTED TO ABOUT $960 MILLION AND HE REFERRED TO FIGURES IMPLYING THAT NEARLY A QUARTER OF THE COMMUNITY'S EXPORTS TO THE US ARE NOW BEING LIMITED OFFICIAL USE

"JEOPARDIZED" BY THREATS OF US ACTIONS IN THE TRADE FIELD.

4. PRIOR TO THE ISSUANCE OF THE COMMUNITY'S STATE-MENTS, HIJZEN, COMMISSION DEPUTY DIRECTOR GENERAL FOR EXTERNAL AFFAIRS, SPOKE TO AMBASSADOR GREENWALD. ON BEHALF OF GUNDELACH (IN CHARGE DURING SOAMES' ABSENCE), HIJZEN EXPRESSED APPRECIATION FOR THE LETTER FROM AMBASSADOR

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DENT ABOUT THE STEEL PETITION.

HOWEVER, HIJZEN SAID, THE COMMUNITY IS
INDEED QUITE WORRIED ABOUT THE LONG LIST OF
POSSIBLE US ACTION IN THE COUNTERVAILING DUTY, ANTI-
DUMPING, ESCAPE CLAUSE AND ARTICLE 301 FIELDS.
HE ADDED THAT THE COMMUNITY, OF COURSE, DOES NOT
AGREE THAT THE REBATE OF THE TAX ON VALUE ADDED
COULD BE CHARACTERIZED AS A FORM OF EXPORT
SUBSIDY, ILLEGAL UNDER THE GATT.GREENWALD

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Draft Date: 22 SEP 1975
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Decaption Note:
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Disposition Authority: GolinoFR
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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